

**Injazzat Real Estate Development Company
K.S.C.P. and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

31 MARCH 2021 (UNAUDITED)



Ernst & Young
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF INJAZZAT REAL ESTATE DEVELOPMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Injazzat Real Estate Development Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) as at 31 March 2021 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations, during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM AL SAMDAN

LICENCE NO. 208-A

EY

AL AIBAN, AL OSAIMI & PARTNERS

9 May 2021

Kuwait

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 (UNAUDITED)
 For the three months ended 31 March 2021

	Notes	Three months ended	
		31 March	
		2021	2020
		KD	KD
INCOME			
Rental income		708,369	785,449
Gain on sale of financial assets at fair value through profit or loss		-	143,244
Distribution income from financial assets at fair value through profit or loss		96,043	86,000
Management fees		32,501	16,760
Other income		51,297	46,948
Share of results of associates	5	67,952	124,469
Net foreign exchange (loss) gain		(24,830)	29,104
Total income		931,332	1,231,974
EXPENSES			
Real estate operating costs		(166,380)	(199,062)
Staff costs		(180,479)	(182,579)
Depreciation		(45,720)	(40,061)
Administrative expenses		(32,592)	(47,907)
Consultancy and professional fees		(20,754)	(29,349)
Finance costs		(376,630)	(513,064)
Total expenses		(822,555)	(1,012,022)
Profit before tax		108,777	219,952
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(979)	(1,980)
National Labour Support Tax (NLST)		(3,219)	(5,999)
Zakat		(1,289)	(2,400)
PROFIT FOR THE PERIOD		103,290	209,573
BASIC AND DILUTED EARNINGS PER SHARE	3	0.31 Fils	0.62 Fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME
 (UNAUDITED)
 For the three months ended 31 March 2021

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	103,290	209,573
Other comprehensive (loss) income		
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive (loss) income of associates	(227,569)	27,448
Net exchange differences on translation of foreign operations	35,390	(30,913)
Other comprehensive loss for the period	(192,179)	(3,465)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(88,889)	206,108

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at 31 March 2021

		<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
ASSETS	<i>Notes</i>		
Cash and bank balances		2,350,811	2,367,007
Term deposits		427,876	429,710
Accounts receivable and other assets		5,538,826	5,318,442
Financial assets at fair value through profit or loss		8,162,790	8,035,873
Investment properties	4	61,872,591	60,876,097
Investment in associates	5	21,822,338	22,488,968
Property and equipment		412,287	579,977
Total assets		100,587,519	100,629,359
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.1	34,564,860	34,564,860
Share premium		2,869,130	2,869,130
Statutory reserve		8,929,655	8,842,498
Voluntary reserve	7	43,579	4,421,250
Treasury shares	6.2	(1,104,916)	(1,022,316)
Treasury shares reserve		4,396,905	4,396,905
Foreign currency translation reserve		1,507,381	1,475,482
Fair value reserve		(712,709)	(712,709)
Retained earnings (accumulated losses)		2,645,871	(2,369,812)
Total equity		53,139,756	52,465,288
LIABILITIES			
Accounts payable and other liabilities		7,430,604	7,019,388
Loans and borrowings	8	40,017,159	40,017,159
Total liabilities		47,447,763	47,036,547
TOTAL EQUITY AND LIABILITIES		100,587,519	100,629,359



Dr. Abdul Mohsen Medeij AlMedeij
Chairman



Mohammad Ibrahim Al-Farhan
Chief Executive Officer

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2021

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings (accumulated losses) KD	Total KD
As at 1 January 2021 (Audited)	34,564,860	2,869,130	8,929,655	43,579	(1,104,916)	4,396,905	1,699,560	(712,709)	2,542,581	53,228,645
Profit for the period	-	-	-	-	-	-	-	-	103,290	103,290
Other comprehensive loss for the period	-	-	-	-	-	-	(192,179)	-	-	(192,179)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(192,179)	-	103,290	(88,889)
At 31 March 2021	34,564,860	2,869,130	8,929,655	43,579	(1,104,916)	4,396,905	1,507,381	(712,709)	2,645,871	53,139,756
As at 1 January 2020 (Audited)	34,564,860	2,869,130	8,842,498	4,421,250	(1,017,932)	4,396,905	1,478,947	(712,709)	(2,579,385)	52,263,564
Profit for the period	-	-	-	-	-	-	-	-	209,573	209,573
Other comprehensive loss for the period	-	-	-	-	-	-	(3,465)	-	-	(3,465)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(3,465)	-	209,573	206,108
Purchase of treasury shares	-	-	-	-	(4,384)	-	-	-	-	(4,384)
At 31 March 2020	34,564,860	2,869,130	8,842,498	4,421,250	(1,022,316)	4,396,905	1,475,482	(712,709)	(2,369,812)	52,465,288

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the three months ended 31 March 2021

	Notes	Three months ended	
		31 March	
		2021	2020
		KD	KD
OPERATING ACTIVITIES			
Profit before tax		108,777	219,952
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on sale of financial assets at fair value through profit or loss		-	(143,244)
Distribution income from financial assets at fair value through profit or loss		(96,043)	(86,000)
Share of results of associates	5	(67,952)	(124,469)
Depreciation of property and equipment		11,208	11,104
Depreciation of right-of-use assets		34,512	28,957
Interest income		(34,460)	(46,948)
Interest on lease liabilities		4,640	6,323
Finance costs		371,990	506,741
		<u>332,672</u>	<u>372,416</u>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		307,639	457,074
Accounts payable and other liabilities		(180,080)	(1,346,461)
		<u>460,231</u>	<u>(516,971)</u>
Net cash flows from (used in) operating activities			
INVESTING ACTIVITIES			
Purchase of property and equipment		-	(1,849)
Proceeds from capital redemption of financial assets at fair value through profit or loss		-	157,138
Proceeds from sale of financial assets at fair value through profit or loss		-	379,437
Capital expenditure incurred on investment properties	4	(524,561)	(552,194)
Additions to interest in associates	5	-	(53,415)
Proceeds from capital redemption of investment in associates	5	-	78,835
Distribution income received from financial assets at fair value through profit or loss		66,948	86,000
Interest income received		34,460	46,948
		<u>(423,153)</u>	<u>140,900</u>
Net cash flows (used in) from investing activities			
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		-	250,000
Purchase of treasury shares		-	(4,384)
Payment of lease liabilities		(53,274)	(36,477)
		<u>(53,274)</u>	<u>209,139</u>
Net cash flows (used in) from financing activities			
NET DECREASE IN CASH AND BANK BALANCES			
Cash and bank balances at 1 January		2,367,007	2,369,410
		<u>2,350,811</u>	<u>2,202,478</u>
CASH AND BANK BALANCES AT 31 MARCH			
NON-CASH ITEMS			
Extinguishment of accumulated losses (adjusted with retained earnings)		-	(4,421,250)
Extinguishment of accumulated losses (adjusted with voluntary reserve)		-	4,421,250

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Injazaat Real Estate Development Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2021 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on May 9, 2021.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded in Kuwait Stock Exchange ("Boursa Kuwait"). The Parent Company's registered postal address is P.O. Box 970, Safat 13010, State of Kuwait.

The Group is principally engaged in real estate activities. The primary objectives of the Parent Company is as follows:

- ▶ Ownership, purchasing, sale and development of all kinds of investment properties with exception to residential properties inside and outside the state of Kuwait for the benefit of the Parent Company and on the behalf of others.
- ▶ Ownership and sale of financial assets, bonds relating to real estate companies for the benefit of the Parent Company alone inside and outside the State of Kuwait.
- ▶ Preparation and delivery of studies relating to real estate activities.
- ▶ Maintenance activities relating to the properties owned by the Parent Company including civil, mechanical, electrical works and all required works to sustain the state of the properties.
- ▶ Organisation of real estate conventions relating to the Parent Company's projects in accordance with the regulations set out by the Ministry of Commerce.
- ▶ Hosting auctions.
- ▶ Ownership of malls and residential complexes and managing them.
- ▶ Ownership of hotels, health clubs, tourism related facilities and leasing and releasing them.
- ▶ Management, operating and leasing all types of investment properties.
- ▶ Establishment and management of real estate investment funds.
- ▶ It is permitted for the Parent Company to invest in managed funds managed by specialised managers.

The Parent Company is authorised to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the Parent Company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

The annual consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the shareholders of the Parent Company at the annual general assembly meeting ("AGM") held on 20 April 2021. No dividends have been declared.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new amendments effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	103,290	209,573
Weighted average number of shares outstanding during the period (excluding treasury shares)	334,151,031	335,345,587
Basic and diluted earnings per share (EPS)	0.31 fils	0.62 fils

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

4 INVESTMENT PROPERTIES

The movement in carrying value of investment properties is as follows:

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
At the beginning of the period/year	61,413,721	60,323,903	60,323,903
Capital expenditure on owned property	524,561	1,618,495	552,194
Change in fair value	-	(536,222)	-
Exchange differences	(65,691)	7,545	-
	61,872,591	61,413,721	60,876,097

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

4 INVESTMENT PROPERTIES (continued)

- a) The fair value of investment properties was independently determined at 31 December 2020 by accredited independent valuers who are specialised in valuing such type of properties using a mix of income capitalisation method and the market comparison approach considering the nature usage of each property.

The highly uncertain economic outlook caused by the COVID-19 pandemic may have a material adverse effect on the tenants' operations, the viability of their business and their ability to meet their rental obligations. This uncertainty was factored into the valuation of investment property as at 31 December 2020, specifically in estimating rent payments from existing tenants, the void periods, occupancy rates, expected market rental growth rates and the discount rate, all of which are significant inputs into the fair value determination. As a result of this increased uncertainty, the assumptions may be revised significantly in 2021.

Management believes that, the current period was not materially impacted by COVID-19 as rent collections for subsequent months are tracking near-normal and the credit quality of tenants indicate the current assumptions in the Group's cash flows are accurate based on best available information. The Group will continue to assess further the impact on cash flows as well as valuation inputs in the upcoming quarters as there is new information to consider.

- b) Investment properties with a carrying value of KD 20,630,058 (31 December 2020: KD 20,244,696 and 31 March 2020: KD 16,806,879) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8).

5 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	31 March 2021 KD	<i>(Audited)</i> 31 December 2020 KD	31 March 2020 KD
At the beginning of the period / year	21,981,955	22,362,471	22,362,471
Additions	-	230,809	53,415
Return of capital	-	(1,346,608)	(78,835)
Share of results for the period / year	67,952	691,352	124,469
Exchange differences	(227,569)	43,931	27,448
At the end of the period / year	<u>21,822,338</u>	<u>21,981,955</u>	<u>22,488,968</u>

As at 31 March 2021, investment in associates with a carrying value of KD 18,892,562 (31 December 2020: KD 18,793,513 and 31 March 2020: KD 19,477,111) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 9).

6 SHARE CAPITAL AND TREASURY SHARES

6.1 Share capital

At 31 March 2021, the authorised, issued and fully paid-up capital of the Parent Company comprised 345,648,600 (31 December 2020: 345,648,600 and 31 March 2020: 345,648,600) shares of 100 fils each. All shares are paid in cash.

6.2 Treasury shares

	31 March 2021	<i>(Audited)</i> 31 December 2020	31 March 2020
Number of treasury shares	11,497,569	11,497,569	10,342,468
Percentage of issued shares	3.33%	3.33%	2.99%
Cost of treasury shares (KD)	1,104,916	1,104,916	1,022,316
Market value of treasury shares (KD)	839,323	908,308	827,397

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

7 ANNUAL GENERAL ASSEMBLY RESOLUTIONS

The annual general meeting (AGM) of the shareholders of the Parent Company held on 20 April 2021 approved the consolidated financial statements for the year ended 31 December 2020 and resolved not to distribute cash dividends or pay directors' remuneration for the year then ended.

The AGM of the shareholders of the Parent Company held on 8 June 2020 approved the consolidated financial statements for the year ended 31 December 2019 and resolved not to distribute cash dividends or directors' remuneration for the year then ended. Further, the shareholders of in this AGM resolved to extinguish accumulated losses as at 31 December 2019 amounting to KD 4,421,250.

8 LOANS AND BORROWINGS

		<i>Effective interest rate (EIR)</i>	<i>31 March 2021</i>	<i>(Audited) 31 December 2020</i>	<i>31 March 2020</i>
	<i>Currency</i>		<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank loans	KD	CBK discount rate plus 1.75% to 2.25%	40,017,159	40,017,159	40,017,159

Bank loans are secured by certain investment properties and investments in associates (Notes 4 and 5). Bank loans are payable on various instalments ending on 15 July 2026, with a bullet payment on 15 August 2026.

9 RELATED PARTY DISCLOSURES

Related parties represent the major shareholders, associates, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

The following table provides the aggregate amount of transactions and outstanding balances with related parties:

	<i>31 March 2021</i>	<i>(Audited) 31 December 2020</i>	<i>31 March 2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of financial position:			
Receivables from associates	4,373	4,282	14,251
Receivables from other related parties	121,696	121,716	121,716
Receivables from sale of investment property	3,681,345	3,737,901	3,784,468
Payables to an associate	91,124	80,469	80,849
		<i>Three months ended 31 March</i>	
		<i>2021</i>	<i>2020</i>
		<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of profit or loss:			
Management fees		24,860	4,332
Interest income on receivables from a related party		34,415	46,948
		59,275	51,280

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

9 RELATED PARTY DISCLOSURES (continued)

Key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
<i>Compensation of key management personnel of the Group</i>		
Salaries and short-term benefits	88,620	88,620
Employees' end of service benefits	11,791	11,791
	100,411	100,411

The annual general meeting (AGM) of the shareholders of the Parent Company held on 20 April 2021 resolved not to pay directors' remuneration for the year ended 31 December 2020 (2019: KD Nil) (Note 7).

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is an overview of financial assets, other than cash and bank balances and term deposits, and financial liabilities held by the Group as at 31 March 2021, 31 December 2020 and 31 March 2020:

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2021</i>	<i>31 December</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets at amortised cost:			
Accounts receivable and other assets	5,538,826	5,817,370	5,318,442
Financial assets at fair value through profit or loss:			
Unquoted equity securities	8,162,790	8,162,790	8,035,873
Total	13,701,616	13,980,160	13,354,315
Financial liabilities at amortised cost:			
Accounts payable and other liabilities	7,430,604	7,383,555	7,019,388
Loans and borrowings	40,017,159	40,017,159	40,017,159
Total	47,447,763	47,400,714	47,036,547

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair values

The following table provides the fair value measurement hierarchy of the Group's financial instruments.

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>Total KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>As at 31 March 2021</i>			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	<u>8,162,790</u>	-	<u>8,162,790</u>
<i>As at 31 December 2020 (Audited)</i>			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	<u>8,162,790</u>	-	<u>8,162,790</u>
<i>As at 31 March 2020</i>			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	<u>8,035,873</u>	-	<u>8,035,873</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period/ year, and no transfers into or out of Level 3 fair value measurements during the period / year.

The management assessed that the fair values of cash and bank balances, accounts receivable and other assets, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

<i>Financial assets at FVTPL</i>	<i>Non-listed equity investments</i>
	<i>KD</i>
<i>31 March 2021</i>	
As at 1 January 2021	8,162,790
Remeasurement recognised in profit or loss	-
As at 31 March 2021	<u>8,162,790</u>

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10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Reconciliation of Level 3 fair values (continued)

<i>Financial assets at FVTPL</i>	<i>Non-listed equity investments</i>
	<i>KD</i>
<i>31 December 2020</i>	
As at 1 January 2020	8,429,204
Remeasurement recognised in profit or loss	626,557
Sales and capital redemptions	(892,971)
	<u>8,162,790</u>
As at 31 December 2020	<u><u>8,162,790</u></u>
<i>Financial assets at FVTPL</i>	<i>Non-listed equity investments</i>
	<i>KD</i>
<i>31 March 2020</i>	
As at 1 January 2020	8,429,204
Remeasurement recognised in profit or loss	-
Sales and capital redemptions	(393,331)
	<u>8,035,873</u>
As at 31 March 2020	<u><u>8,035,873</u></u>

Management assessed that the carrying value of financial instruments at amortised cost is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

For assets classified as level 3, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of similar assets; or other valuation techniques. The Group has also performed a sensitivity analysis by varying these input factors by 5%. Based on such analysis, there is no material impact on the interim condensed consolidated financial information.

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11 SEGMENT INFORMATION

For management purposes, the Group's activities are concentrated in real estate investments. The Group's activities are concentrated in two main segments: Domestic (Kuwait) and International (Kingdom of Bahrain, United Arab Emirates, Saudi Arabia, Qatar, Europe and USA). The Group's segmental information is as follows:

	Three months ended 31 March 2021 (Unaudited)			Three months ended 31 March 2020 (Unaudited)		
	Domestic		Total	Domestic		Total
	KD	International KD	KD	KD	International KD	KD
Rental income	106,320	602,049	708,369	107,645	677,804	785,449
Gain on sale of financial assets at fair value through profit or loss	-	-	-	-	143,244	143,244
Distribution income from financial assets at fair value through profit or loss	-	96,043	96,043	-	86,000	86,000
Management fees	-	32,501	32,501	-	16,760	16,760
Other income	37,971	13,326	51,297	46,948	-	46,948
Share of results of associates	-	67,952	67,952	-	124,469	124,469
Net foreign exchange (loss) gain	(24,830)	-	(24,830)	29,104	-	29,104
Total income	119,461	811,871	931,332	183,697	1,048,277	1,231,974
Real estate operating costs	(17,139)	(149,241)	(166,380)	(23,112)	(175,950)	(199,062)
Staff costs	(180,479)	-	(180,479)	(182,579)	-	(182,579)
Depreciation	(35,758)	(9,962)	(45,720)	(35,542)	(4,519)	(40,061)
Administrative expenses	(24,754)	(7,838)	(32,592)	(47,907)	-	(47,907)
Consultancy and professional fees	(17,880)	(2,874)	(20,754)	(28,262)	(1,087)	(29,349)
Finance costs	(12,832)	(363,798)	(376,630)	(7,693)	(505,371)	(513,064)
KFAS, NLST and Zakat	(5,487)	-	(5,487)	(10,379)	-	(10,379)
Total expenses and other charges	(294,329)	(533,713)	(828,042)	(335,474)	(686,927)	(1,022,401)
(LOSS) PROFIT FOR THE PERIOD	(174,868)	278,158	103,290	(151,777)	361,350	209,573

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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11 SEGMENT INFORMATION (continued)

	31 March 2021 (Unaudited)		31 December 2020 (Audited)		31 March 2020 (Unaudited)	
	Domestic KD	International KD	Domestic KD	International KD	Domestic KD	International KD
Total assets	18,945,558	81,641,961	18,801,736	81,827,623	17,755,468	81,746,367
Total liabilities	3,694,583	43,753,180	3,302,934	44,097,780	3,053,458	43,983,089
Commitments	932,261	390,097	1,237,095	444,095	1,529,324	870,053
		100,587,519		100,629,359		99,501,835
		47,447,763		47,400,714		47,036,547
		1,322,358		1,681,190		2,399,377

Disaggregated revenue information

The following presents the disaggregation of the Group's revenue from contracts with customers:

	Three months ended 31 March 2021		Three months ended 31 March 2020	
	Domestic KD	International KD	Domestic KD	International KD
Timing of revenue recognition				
Services performed at a point in time	-	5,708	-	6,455
Services performed over time	-	26,793	-	10,305
Total revenue from contracts with customers	-	32,501	-	16,760
		5,708		6,455
		26,793		10,305
		32,501		16,760

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12 IMPACT OF COVID-19 OUTBREAK

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Fiscal and monetary authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The Group considered the potential impact of the current economic volatility on the reported amounts of the Group's financial and non-financial assets. The reported amounts best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.